

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

DFA5058 – FINANCIAL ACCOUNTING

(For Diploma Students Only)

31 MAY 2018
9.00 a.m. to 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Answer ALL questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Below are the adjusted trial balances for Oyen Parks Company at the end of its fiscal year.

Oyen Parks Company
Adjusted Trial Balance
May 31, 2018

Accounts	Debit	Credit
Cash	RM25,636	
Accounts Receivable	27,999	
Supplies	1,657	
Prepaid Insurance	2,159	
Equipment	22,610	
Accumulated Depreciation – Equip		RM11,373
Accounts Payable		16,762
Salaries and Wages Payable		9,180
Unearned Service Revenue		1,572
Unearned Rent Revenue		586
Owner's Capital		31,271
Service Revenue		57,652
Rent Revenue		5,661
Salaries and Wages Expense	40,762	
Supplies Expense	3,034	
Insurance Expense	7,701	
Depreciation Expense	2,499	
	134,057	134,057

Instructions

- (a) Identify **FOUR (4)** types of adjustment entries based on the above adjusted trial balance and explain each of them. (4 marks)
- (b) Prepare a Statement of Financial Position for Oyen Parks Company as at May 31, 2018. (7 marks)
- (c) Prepare the closing entries for May 31, 2018. (7.5 marks)
- (d) Prepare the post- closing trial balance for May 31, 2018. (6.5 marks)

[TOTAL 25 MARKS]

QUESTION 2**Part A**

On June 1, Prima Flooring Sdn. Bhd. had an inventory of 200 premium carpets at a cost of RM280 each. The company uses a perpetual inventory system. During June, the following transactions and events occurred.

- June 4 Purchased 50 premium carpets at RM280 each from Home Deport, FOB shipping point, terms 2/10, n/30. The appropriate party made cash payment of RM300 for freight charges.
- 6 Returned 8 premium carpets to Home Deport for defective of carpet amounted to RM2,240.
- 9 Issued an invoice to Amile Company for 40 premium carpets sold at RM650 each, FOB shipping point, terms 3/15, n/30.
- 13 Sold 15 premium carpets for RM650 each to MMU International School by cash.
- 14 Paid Home Deport in full, less discount.
- 17 Amile Company returned 4 poor qualities of carpets.

Instructions

- (a) Journalise the June transactions for Prima Flooring Sdn. Bhd. (Show all your workings).
(12 marks)
- (b) Prepare the ledger for CASH account. Assume the beginning balance of cash is RM25,000.
(5 marks)

Part B

Based on the recognition and measurement from the Conceptual Framework of Accounting, identify FOUR (4) basic assumption and FOUR (4) principles that are used in establishing and applying accounting standards.

(8 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 3**Part A**

Rachel Company is a company based in Singapore operating since 2010. Rachel Company's had established petty cash fund of RM400 on December 1, 2017 and on December 31, 2017, the fund contains cash of RM180. The petty cash vouchers appeared as follows:

Postage	RM50
Freight in	RM60
Token appreciation for special guest	RM100

Instructions

- (a) Briefly explain when is the petty cash fund should be replenished. Is there a need to replenish the fund at year end on December 31 if there is cash on hand? Explain. (2 marks)
- (b) Prepare the journal entry to replenish the fund. (5 marks)
- (c) On December 31, the petty cash fund increased by RM100. Prepare an appropriate journal entry. (2 marks)

Part B

Listed below are five errors or problems which might occur in the processing of cash transactions.

Possible Errors or Problems:

1.	An employee steals the cash collected from a customer for an account receivable and conceals this theft by issuing a credit memorandum indicating that the customer returned the merchandise.
2.	A small fire destroys 3 days of cash receipts.
3.	The official designated to sign cheques is able to steal blank cheques and issue them without fear of detection.
4.	Three cashiers use one cash register drawer and the cash in the drawer is often short of the balance kept on hand.
5.	Each cashier counts his own register drawer each day and verbally reports the results to the supervisor.

Instruction

Evaluate each possible error and indicate any principles of internal control that would reduce the probability of the error occurring.

(5 marks)

Part C

Tod Company's newly recruited account assistant unable to reconcile the bank balance at January 31, 2018. Tod's reconciliation is as follows.

Cash balance per bank	RM10,600
Add: NSF cheques	2,980
Less: Bank service charge	<u>50</u>
Adjusted balance per bank	<u>RM13,630</u>
Cash balance per books	RM11,810
Less: Deposits in transit	1,900
Add: Outstanding cheques	<u>3,720</u>
Adjusted balance per books	<u>RM17,430</u>

Instructions

- (a) Prepare a correct bank reconciliation. (7 marks)
- (b) Journalise the entries required by the reconciliation. (4 marks)

[TOTAL 25 MARKS]

QUESTION 4**Part A**

Selected information from the comparative financial statements of CST Production Company for the year ended December 31, appears below:

	2017 (RM)	2016 (RM)
Accounts receivable (net)	360,000	400,000
Inventory	280,000	320,000
Total assets	2,400,000	1,600,000
Current liabilities	280,000	220,000
Long-term debt	800,000	600,000
Net credit sales	2,660,000	1,400,000
Cost of goods sold	1,800,000	1,060,000
Interest expense	100,000	50,000
Income tax expense	120,000	58,000
Net income	300,000	170,000

Instructions

Compute the following ratios for the year ended December 31, 2017. Show all computations.

- (a) Inventory turnover. (2 marks)
- (b) Times interest earned. (2 marks)
- (c) The debt to assets ratio. (2 marks)
- (d) Accounts receivable turnover. (2 marks)
- (e) Return on assets. (2 marks)

Part B

Altimet Company has the following comparative Statements of Financial Position data.

ALTIMET COMPANY		
Statements of Financial Position as at 31 December		
	2017	2016
	(RM)	(RM)
<u>Assets</u>		
Current assets	105,000	83,250
Plant assets	195,000	141,750
Total assets	<u>300,000</u>	<u>225,000</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities	42,000	36,000
Long-term debt	75,000	40,500
Common stock	108,000	76,500
Retained earnings	75,000	72,000
Total liabilities and stockholders' equity	<u>300,000</u>	<u>225,000</u>

Instructions

- (a) Using horizontal analysis, show the percentage change for each Statements of Financial Position item using 2016 as a base year.

(8 marks)

- (b) Prepare a vertical analysis of Altimet Company's Statement of Financial position for year 2017 only.

(7 marks)

[TOTAL 25 MARKS]

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